

P-542, 421, 430, 407, 426, 405, 520/CP-92-30 ORDER REQUIRING
FILING OF COST STUDIES AND PROPOSED RATES

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Don Storm
Tom Burton
Marshall Johnson
Cynthia A. Kitlinski
Dee Knaak

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of a Petition for
Extended Area Service from the
Lonsdale Exchange to the
Minneapolis/St. Paul
Metropolitan Calling Area

ISSUE DATE: October 28, 1993

DOCKET NO. P-542, 421, 430, 407,
426, 405, 520/CP-92-30

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PROCEDURAL HISTORY

On January 13, 1992, subscribers in the Lonsdale exchange filed a petition for extended area service (EAS) to the Minneapolis/St. Paul Metropolitan Calling Area (the MCA). The Lonsdale exchange is served by the Lonsdale Telephone Company.

On August 10, 1993, the Commission issued its ORDER REQUIRING TRAFFIC STUDIES. In that Order the Commission found that Lonsdale is adjacent to the MCA, fulfilling the first criterion of the EAS statute, Minn. Stat. § 237.161. The Commission ordered the Lonsdale Telephone Company to file traffic studies to determine the traffic volume between Lonsdale and the MCA.

On October 6, 1993, the Department of Public Service (the Department) filed comments. The Department stated that the Lonsdale/MCA petition meets the traffic volume criterion of Minn. Stat. § 237.161.

The Commission met on Tuesday, October 19, 1992, to consider this matter.

FINDINGS AND CONCLUSIONS

Lonsdale Telephone Company's traffic studies used data supplied by Minnesota Equal Access Network Systems, Inc. (MEANS), a centralized equal access provider. Based upon an analysis of the 30 MCA prefixes with the highest traffic from Lonsdale, the studies showed that 81.65% of Lonsdale customers placed one or more calls per month to the MCA.

The Commission agrees with the Department that the Lonsdale/MCA petition fulfills the traffic volume criterion of Minn. Stat. § 237.161. The telephone companies serving Lonsdale and the MCA must now file cost studies and proposed rates, so that the petition process may proceed to polling of Lonsdale subscribers. Lonsdale Telephone Company's filing should include a lower-priced alternative, as required by the EAS statute. The companies' filings regarding cost studies and proposed rates should follow these guidelines:

1. If possible, telephone companies should base their cost studies upon 12 months of traffic data. If this is not possible, the companies should annualize the data, using the months they do have.
2. Eckles Telephone Company should use its new, lower Carrier Common Line Charge and call recording rates that were established as a result of the Department's earnings investigation.
3. The cost studies should include the new rates for MCA exchanges that were established by the elimination of the US WEST Metro Tier rate structure and should indicate what percentage of the EAS costs are proposed to be allocated to Lonsdale.
4. Proposed rates should exclude US WEST's toll contribution from independent local exchange company (ILEC) to ILEC routes within the MCA. They should include costs for the exchanges recently added, or about to be added, to the MCA: Belle Plaine, Buffalo, Cambridge, Cologne, Delano, Lindstrom, New Prague, North Branch, and Waconia.

Because Lonsdale to the MCA is an interLATA route, information regarding access charges will be held by interexchange long distance carriers (IXCs) and by MEANS. If Lonsdale Telephone Company finds that MEANS access charge information is not sufficient, Lonsdale should coordinate the exchange of necessary information from the IXCs. The IXCs should follow the access charge cost methodology approved in the Commission's November 10, 1992 Order in the Hokah EAS docket, P-401/CP-89-951.

ORDER

1. Within 10 days of the date of this Order, Lonsdale Telephone Company shall inform the Commission in writing if MEANS access charge information is adequate, or if the company will need traffic data from interexchange carriers. If information from IXCs will be required, the IXCs shall also be informed by Lonsdale Telephone Company within 10 days of

the date of the Order.

2. Any IXC receiving a traffic data information request from Lonsdale Telephone Company shall file an answer to said request within 60 days of its service, and shall serve the answer upon Lonsdale Telephone Company.
3. Within 60 days of Lonsdale's filing of a letter indicating that MEANS' access charge information is adequate, or within 60 days of the filing of the IXCs' traffic data if MEANS access charge information is not adequate, telephone companies which provide service to Lonsdale and the MCA shall file cost studies and proposed rates. The telephone companies shall serve the filings on the Department, the petition sponsor, and other parties. The cost studies and proposed rates should follow the guidelines set out in the body of this Order. Lonsdale Telephone Company shall file its proposed lower priced alternative along with the cost studies and proposed rates.
4. Within 60 days of the filing of cost studies and proposed rates and Lonsdale's lower priced alternative, the Department shall file a report and recommendation. If the Department recommends changes in the assumptions used, the Department shall recalculate rates using its own assumptions.
5. Parties who wish to comment on the Department's report shall do so within 20 days of its filing.
6. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Susan Mackenzie
Acting Executive Secretary

(S E A L)